

SENATE BILL 2220
By Cooper

AN ACT to amend Tennessee Code Annotated, Title 67, relative to the purchase of tax-exempt property.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-5-201(a), is amended by adding the following language as a new, appropriately designated subdivision:

(3) The grantor or lessor of tax exempt property which is conveyed or transferred by sale, lease or otherwise to a person, firm or corporation, rendering the status of the property as nonexempt by reason of the transfer shall promptly report to the assessor any change in the use or ownership of the property which might affect its exempt status.

A grantor or lessor of tax exempt property includes a governmental entity; department, agency, board, commission, or instrumentality of the state or local government; industrial development corporation; or any other agency or authority created by a governmental entity or any other grantor or lessor of property exempt under this part.

The grantee or lessee of real property which, prior to the transfer to such grantee or lessee was tax exempt, shall promptly report to the assessor the change in the use or ownership of such property. Notwithstanding the provisions of §§ 67-1-1005 and 67-5-1806, the grantee or lessee of such real property shall be personally liable for all taxes, and penalty and interest, from the date of the transfer to the date the assessor is notified of such change in the use or ownership of property and the collection of taxes against such grantee or lessee with respect to such property shall not be barred; provided however, no tax lien shall arise against the real property conveyed to a bona fide purchaser who records the deed for such property or notifies the assessor of the change

in the use or ownership of such property. The burden of proving a bona fide sale shall be upon the owner of the property at the time of such recording or notification.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.